

~~TOP SECRET~~
SECURITY INFORMATION

29 July 1952

DRAFT MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: NSC 125/1, "US Objectives and Courses of Action with
Respect to [REDACTED]

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1. From the intelligence standpoint, this policy statement is entirely consistent with present intelligence, and specifically with NIE-52, "The Probable Future Orientation of [REDACTED]

25X6A

2. Paragraph 7 a. (6) (page 11) provides that the US will "encourage and appropriately assist [REDACTED] to deal with the internal Communist menace." This mandate is intended to cover the psychological operations proposed under approved programs. The exchange of intelligence between the US Army and CIA, on the one hand, and [REDACTED] authorities might also be deemed to be included, although DD/P feels that no specific mandate would be necessary to continue this exchange in any event.

25X6A

3. The only difference of view in the paper concerns paragraph 7 c. (12) concerning the maintenance of export controls in the post-aggression period. Defense, DMS, and Commerce wish to include the bracketed statement urging an effort to establish a Far Eastern control mechanism separate from COCOM. A proposal for such an organization has been agreed to by EDAC and has been presented to

25X6A

[REDACTED] in negotiations beginning 28 July.

However, the State Department opposes insertion of the statement on

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the ground that it is a negotiation position or a tactic rather than a statement of ultimate policy suitable for insertion in this paper. From an intelligence standpoint, the O/RR representatives concerned with this problem are clear that a separate organization would make possible a stricter control of exports during the post-aggression period. The principal reason for this is that COCOM controls are ineffective with respect to List II items, i.e., those where quantity is the important index of importance. In trade with China, two of the major items, rubber and cotton, and also many types of machinery, would fall under List II and would therefore be inadequately controlled under present COCOM standards. Unfortunately, however, all four of the other nations in the initial conference have indicated their opposition to a separate Far Eastern organization. It is ^{therefore} possible that the bracketed sentence will be withdrawn in the NSC, on the basis that the proposed approach has already been shown to be impracticable.